

number

IN ac
that
what
past
from
the a
ber, c
abort
becam
given
early
Empi
explor
an en
than
one c
Empir
Mack
A

the ge
of any
desire

ms. 19882

Cardinal
463

Reprinted from *The Scottish Geographical Magazine* for January 1895.

ANNIVERSARY ADDRESS.

(Read at Edinburgh, November 12, 1894.)

THE ECONOMIC DEVELOPMENT OF CANADA.

By SIR CHARLES TUPPER, BART., G.C.M.G., C.B.,

High Commissioner for the Dominion.

(*With Maps.*)

IN addressing Scotchmen on Canada I do so with the pleasant assurance that I shall have not only an interested and sympathetic audience, but what is rarer still, one thoroughly instructed in all that relates to the past and present progress of that country. This interest does not date from yesterday. Scotchmen took a very early and very practical interest in the affairs of British North America. Sir David Kirke, you will remember, captured Quebec in 1629. To the fanciful and well-intentioned but abortive scheme of colonisation, in 1621, of Sir William Alexander, who became, later, Lord Stirling, we owe the fact that Scotland's name was given to Canada's peninsular province, Nova Scotia. And on from those early days to the present there is hardly any other part of the British Empire that owes more to Scotland's sons than Canada. Whether as explorers or simple colonists, merchants or administrators, they have left an enduring impression on the fortunes of the country; and none more so than my friend and colleague, the late Right Hon. Sir John A. Macdonald, one of the most illustrious and honoured names of Canada and the Empire. Another distinguished son of Scotland, the late Hon. Alexander Mackenzie, was Premier of Canada for five years.

As I take for granted the general acquaintance of this audience with the geography of Canada, I will only trouble you with the briefest outline of any of those facts that may be necessary to illustrate the remarks I desire to submit to you in connection with the influence which the

geographical conditions of the Dominion have exercised on its economic and political development.

Much of the early enterprise towards America may be attributed to the search for a North-west Passage to the East, as an alternative route to that by way of the Cape from which Portugal and Spain jealously excluded all other nations. If you look at the map you will observe that the orientation of the continent of North America is most pronounced towards Europe. The two greatest breaks in the Atlantic coast-line north of Florida, are the Gulf of St. Lawrence, and Hudson's Strait and Bay. They lie right in the course of vessels sailing to the west from the United Kingdom and from France. The early English and French navigators were not slow to explore these openings, and, following them for days, fondly believed that they had come upon the great object of their search—the short route to the East by the West. They were doomed to disappointment; but they had unwittingly discovered Canada's domain, vaster and more valuable than any they dreamed of. They did not discover the North-west Passage; and yet, in one sense they did. But it was left to the genius of the British and French races, whom these navigators represented, to convert, three centuries later, their discovery, with the assistance of a great trans-continental line of railway, into the true north-west passage of the present day.

I suppose it is impossible to over-estimate the influence which the fur trade has exercised on the destiny of Canada. At the outset, the exploitation of the fur trade was the sole *raison d'être* of the early occupation of the country on behalf of France by the chartered company of the Hundred Associates. It was the cause also of the occupation of the northern and western interior by the Hudson Bay Company. Colonisation had no place at first in the French scheme, and was only encouraged, within limits, later on, after the assumption of the affairs of New France by the Crown. Even then, the prosecution of the fur trade was found to constitute a real impediment to settlement; the life of excitement and adventure it offered demoralised the younger men in the colony, leading them to abandon the work of clearing and to neglect agriculture. But throughout the French *régime* furs were the most important source of revenue upon which the economic existence of the colony rested. The St. Lawrence, with its wonderful series of lakes, and subsidiary rivers and streams, afforded admirable opportunities for prosecuting that trade over an immense extent of country. By its means also exploration was facilitated, and the French obtained at a very early date a much more accurate knowledge of the geography and resources of the interior than would otherwise have been possible, in view of the vast and impenetrable forest that covered the Atlantic division of Canada, and which barred the approach to the fertile prairie regions of the west. The fur trade was also instrumental in opening the eyes of the French to the advantages to be derived from their strategic position in America for securing control of the whole continent. It trained, moreover, large numbers of men in the qualities of courage, endurance, and resource, a circumstance which proved of the greatest value to France in her subsequent struggles with England for the mastery of the continent. Similarly,

the fur trade, as represented by the Hudson Bay Company, was instrumental in securing the early exploration of the larger portion of the interior of British North America, and in preserving it for the Empire, until the time was ripe for its incorporation into the present Dominion of Canada.

When the French régime came to an end in 1763, there remained a solid nucleus of French colonists in Quebec, numbering some 70,000 souls. In Nova Scotia, which was already British, the population reached some 18,000 souls. The whole of the North American continent was now British, and there was nothing, seemingly, to disturb henceforward its quiet development. Emigrants poured into the country, mainly, of course, to the New England colonies, and settlement progressed. Twelve years later, at the outbreak of the American Revolution, the population of what is now Canada numbered some 90,000 souls, as against $3\frac{1}{2}$ millions in the revolted colonies. The war, however, led to a considerable addition to the population of Canada in the persons of about 40,000 United Empire Loyalists, as they were called, who crossed the frontier and settled under the Old Flag. What is now Ontario, the premier province of Canada, received its first settlers, some 10,000, from this source; the remainder distributing themselves over Nova Scotia, New Brunswick, and the southern part of Quebec. From that date the British North American colonies made steady progress. The valley of the St. Lawrence soon took the lead, which it has since maintained. The genial climate of Western Quebec, and especially of Ontario, favoured this. In this section there is an area equal to twice that of the British Isles, which has the same climate as France, but with severer winters. Here Indian corn, melons, and tomatoes are raised as field crops; while in the southern part of Ontario, which lies in the latitude of Rome, peach-growing in orchards, and grape-growing for the table and the manufacture of wine, are now amongst the most profitable occupations of the agricultural community. The position of these districts on the lakes and the St. Lawrence facilitated the development of their resources. Similarly, proximity to the sea-board, and open navigation all the year round, moderated the climate and assisted the development of the maritime provinces. The physical geography of the whole of Canada between the Atlantic and the axis of the Rocky Mountains possesses the character of an undulating plain sloping gently to the north. The only elevated tracts of any account are the extension of the Appalachian chain as expressed in the highlands of Nova Scotia and of central New Brunswick; the table-lands of the Gaspé peninsula; and, to the north of the Gulf of St. Lawrence, the plateau of the Labrador peninsula. Stretching inland from the Atlantic coast for nearly two thousand miles is the great forest region of Canada, followed, as we know, by the great Central or Prairie region; and then to the Pacific by the Alpine province of British Columbia.

The whole of the older provinces referred to lay in the forest zone, which intensified the difficulties of early settlement. Everywhere the axe preceded the plough. Nature seems to have challenged, on the threshold, the fitness of each individual new arrival for the life and duties before him. It was a stern apprenticeship they served, but it made strong, self-reliant men. Lumber, fish, and, later on, agricultural produce, as land

was won from the forest, formed the exports of these colonies. Ship-building soon became an important industry in Quebec and in the maritime provinces. In the mother-country the staple products of the colonies obtained, under the colonial system then in force, preferential treatment over similar products from foreign countries; and although, on the other hand, the colonists were prohibited from establishing manufacturing industries in textile fabrics or iron, the privilege referred to undoubtedly contributed materially towards the development of the country in its early days. The best index to the strides made by the individual colonies now constituting Canada may be gathered from the population returns at various periods. Taking, then, the population in 1774 at 90,000, it stood at 430,000 in 1806. During the next 36 years the numbers increased nearly threefold; the returns in 1840 being approximately 1,534,000, and in 1867, at Confederation, 3,500,000. At the Declaration of Independence the population of the United States was forty times larger than that of Canada. It is now only twelve and a half times larger. The increase of population has been, in the case of the United States, nineteenfold, and in the case of Canada, fifty-fivefold. An interesting feature in connection with the population returns is the extraordinary growth of the French Canadian element, from 70,000 in 1763 to over a million souls in 1867, without the aid of immigration. This wonderful natural increase furnishes some very interesting points for inquiry into the influence of new surroundings, physical, political and social, on the vitality of the French race in Canada, as compared with the actual position in France. Contrasted with the United States, these results may appear on the surface to be meagre. It must be remembered, however, that the United States started with immense advantages over Canada; firstly, with a population forty times larger; and, secondly, with the accumulated influence of nearly two centuries of British civilisation. Canada, at that time, was in the position of a conquered country in the very earliest stages of development, with an insignificant population alien in race, in language, custom, and religion, to the new-comers; a country where all the aids to progress had to be created. The results achieved so far, therefore, may be taken as highly creditable to the energy of the colonies, both in their individual spheres and also collectively, as I propose now to show.

The political development of this period, it may be mentioned, may be divided into three epochs: the first, the era of the French *régime*, lasted for about a century and a half, from 1608 to 1760. Then came the period from 1760 to 1840, when the provinces, under British rule, slowly increased in population, and gained valuable experience in the working of representative institutions. It was in 1791 that constitutional government was given to the individual provinces. Then followed the important and interesting period from 1840 to 1867, when the political liberties were enlarged with the growing development of the country, and the colonies were given responsible government in the full sense of the term. Since 1867 the various colonies, united as the Dominion of Canada, have entered upon a fourth era, pregnant with promise.

The continued isolation of the provinces meant waste of effort and

th
of
ab
No
he
an
to

tak
Qu
sel
in
for
Gov
pur
Bri
after
to r
tion
conf
Imp
186
were

to th
is un
Can
T
that
gove
To e
the h
liable
winte
throu
with
Repu
rapid
becan
was
prom
railwa
provin
Quebe
Territ
adhes
railwa
federal
Amer

the danger of becoming dependent on a foreign power, with the prospect of ultimate absorption. As population grew and wealth accumulated, the absorption in purely local development became less pronounced. British North Americans became more familiar with the true significance of their heritage on that continent, of the future which awaited its development, and were drawn irresistibly towards the elaboration of a plan calculated to promote that end.

The friends of confederation in the maritime provinces determined to take the initiative. Awaiting the adhesion of the larger provinces of Quebec and Ontario, they proposed, at all events, to unite among themselves. In the conference I inaugurated when Premier of Nova Scotia in 1864, held at Charlottetown, Prince Edward Island, the first step forward was taken in that direction. A deputation, however, from the Government of Canada asked to be admitted to that conference for the purpose of presenting the question of the immediate union of all the British North American colonies. They were cordially received, and, after a full discussion of the larger question, the conference was adjourned, to re-assemble in October of the same year in Quebec. Under the sanction of the Crown, the delegates at that meeting agreed upon a basis of confederation; and at the conference of the several colonies with the Imperial Government, held at Westminster Palace Hotel, London, in 1866-7, the terms of the Act of Union passed by the Imperial Parliament were arranged.

On occasions of this kind, I may seem to refer with needless iteration to this union of the British North American colonies. But to this action is undoubtedly due the present predominant position of the Dominion of Canada within the Empire.

The Act of Union provided for a central Government and Parliament that would deal with all national questions and interests, with provincial governments and legislatures controlling the local affairs of each province. To establish intercommunication was, therefore, the all-important duty of the hour. Nature had given us water communications, but these were liable to interruption, in part, during the winter season. During the winter, Ontario and Quebec had no access by rail to the ocean except through the United States; and the maritime provinces no communication with the upper provinces by railway or steamers save through the Republic. Modern conditions of development required other and more rapid and independent means of communication. Thus a railway policy became one of the first planks in the platform of confederation. There was no hesitation in carrying this out. The Intercolonial Railway was promptly undertaken, and was opened in 1876. This line connected the railway systems of the upper provinces with those of the maritime provinces, and the Imperial fortress and naval base at Halifax with Quebec. The next step was the incorporation of the Hudson Bay Territory in the Dominion. British Columbia, in 1871, gave in its adhesion to the Union, based upon the extension to the Pacific of the railway system of Canada. Prince Edward Island joined the confederation in 1873, thus completing the union of all the British North American colonies, except Newfoundland, under one government.

The difficulty of securing the means for the extension of the railway to the Pacific in the face of a falling revenue, due to a fiscal system unadapted to the conditions then prevailing, and under which the industries of the country were being paralysed, compelled the adoption of the policy of *incidental protection* by the Liberal-Conservative Government, which returned to power in 1878. The equilibrium between revenue and expenditure was thus speedily restored, and the means provided for the completion of a great inter-oceanic line of railway and of other important works. The contract made by me, as Minister of Railways and Canals, on behalf of the Government, with the Canadian Pacific Railway Syndicate, for the construction of this trans-continental railway, was completed in about one-half the stipulated time, a result largely due to the ability and energy of Sir Donald A. Smith and Lord Mountstephen, both sons of Scotland, and to the sagacity and genius of Sir William Van Horne. That is an achievement of which any country may be proud; especially when it is remembered that the construction of the Union and Central Pacific Railway to San Francisco, by a nation of forty millions, was regarded at the time as an extraordinary accomplishment. Less than one-tenth of that population in Canada undertook single-handed an enterprise equally as arduous, and carried it promptly to a successful issue. The railway system of Canada, which was only 2067 miles in 1867, rose to 12,162 miles in 1888, and stood at 15,020 miles in operation in 1893.

Among other works of public utility, Canada has incurred an outlay of nearly sixty millions of dollars in perfecting the water communications of the country. The greater part of this sum has been expended on the St. Lawrence River, where seventy-one and a half miles of canal works had to be provided in order to overcome the obstructions to continuous navigation. There were canals on this line prior to confederation, but they proved inadequate for the growing size of lake shipping and the needs of traffic. The whole of the works are being reconstructed to ensure a fourteen feet navigation, which will be shortly attained. The last canal on the series, that at Sault St. Marie, between Lake Superior and Lake Huron, has just been opened, and ere long steamers and vessels of 2500 tons burthen will be able to pass through Canadian waters, without breaking bulk, from tide water to the head of lake navigation—a distance of 1274 miles from Montreal, or 2260 miles from ocean navigation at the Straits of Belle Isle. These works include a ship channel, of 28 feet depth at low water, between Quebec and Montreal. The importance of the canals for lake traffic may be imagined when it is stated that the aggregate tonnage of the shipping which passed in 1892 through the present canal at the Sault St. Marie was 11,214,333 tons, during the seven months of navigation, as against 7,712,029 tons which passed through the Suez Canal during the whole year. The completion of the Canadian works will divert to Montreal and the St. Lawrence route a large portion of the produce destined for export from the regions lying within the United States tributary to the Great Lakes, amounting annually to several millions of tons.

In dealing with the trade and commerce of Canada, it is satisfactory to be able to say that Canada has established a record which has

tho
of c
has
adv
side

in
\$11
\$24
of a
give
pari
ano
of c
Basi
prin
from
taki
fall
ing i
ther
the v
large
Cana
\$247
At th
33
of no
of ju
period
I
tonna
from
were
while
accou
A
of Ca
produ
prior
the se
to-day
This
\$100
may h
which
mattered
T
of the

thoroughly justified the hopes and expectations formed by the promoters of confederation. The development of her trade has been steady. It has experienced no great checks, neither has there been any sensational advance. In the aggregate, however, the progress has been very considerable, both relatively and actually.

The total imports (Diagr. II.) into Canada have risen from \$73,459,644 in 1868 to \$129,074,268 in 1893; exports from \$57,567,888 to \$118,564,352; and the aggregate trade from \$131,027,532 to \$247,638,620. The volume of trade in 1893 was considerably in excess of any previous year since confederation. Values alone, however, do not give us the just measure of this increase; they are apt to mislead in comparing the statistics of the returns of the trade of one year with that of another. It is well known that during the last twenty years the prices of commodities everywhere have experienced an extraordinary decline. Basing their calculations upon the course of prices of forty-five of the principal commodities, the best German economists estimate the decline from 33½ to 40 per cent. during the period in question. Mr. Sauerbeck, taking the average prices ruling between 1867-77 at 100, shows the fall from that time to have continued almost without interruption, reaching in October of the present year 61·7, or 38·3 per cent. It is evident, therefore, that in order to maintain the position reached in previous years the volume of the trade exchanges must have been on a correspondingly larger scale. As an example, the average annual aggregate trade of Canada (Diagr. I.) for the period 1867-77 was \$176,000,000, and for 1893, \$247,000,000, showing an increase of only a little less than 37½ per cent. At the prices ruling in the former period, and placing the decline at only 33½ per cent., there will appear a probable difference in favour of 1893 of not less than \$153,000,000, or, say, an increase in round numbers of just under 90 per cent. in volume as compared with the former period.

It is possible to test this by the shipping returns. The average tonnage of vessels, sea-going and inland, which arrived at and departed from Canadian ports (exclusive of coasting vessels) for the two periods, were 11½ millions and 18½ millions respectively, or 65 per cent. increase, while the volume of increase of foreign trade by railway will easily account for the balance.

Another point to bear in mind when dealing with the trade exchanges of Canada is the value of the inter-provincial trade, representing the products of one province required by another. This movement of trade, prior to confederation, appeared as exports and imports in the returns of the separate North American colonies, just as a similar exchange appears to-day in the foreign trade statistics of each of the Australian colonies. This inter-provincial trade is estimated by our statistician at over \$100,000,000—it was about \$4,000,000 before confederation—and it may be taken as an evidence of the enormous internal development which political union and the policy of the Dominion Government in the matter of communications, rail and water, have called into existence.

There is a certain simplicity in the distribution of the external trade of the Dominion; Great Britain and the United States enjoying almost

a complete monopoly. The proportions for the returns of 1893, the latest year for which details are available, were as follows :—The United Kingdom took from Canada produce to the value of \$64,080,493, or 54·05 per cent. of the total exports, and supplied \$43,305,222, or 33·55 per cent. of the total imports; the United States took \$43,923,010, or 37·05 per cent. of the exports, and supplied \$58,221,976, or 47·97 per cent. of the imports. The two countries controlled, therefore, 86·31 per cent. of the total trade.

Thus, while this country takes a much larger proportion of the exports of Canada than do the United States, the imports are smaller from Great Britain than from the Republic. With regard to the Canadian statistics of the imports generally, I wish to remark here, parenthetically, that, on the lines of the system of valuation adopted by Great Britain with other countries, and for purposes of comparison, therefore, Canada's returns are much understated. Canada takes the value of her imports at the *port of shipment*; Great Britain, the value at the *port of entry*; and most of the self-governing colonies the value at the *port of shipment*, plus a percentage of about 10 per cent. On this basis, therefore, the value of the imports into Canada in 1893 should really stand at from nine to thirteen millions of dollars higher.

Canada's geographical position conduces to intimate trade exchanges with the United States. An examination, however, of the imports received from the two countries shows that there is little common ground of competition between the United Kingdom and the United States, in the Canadian market. Canada's position industrially, as against the United States, is assured by the policy of *incidental protection* in force since 1879. This circumstance tends to confine the imports of manufactured articles to those classes of goods which the highly-specialised industry of England is so well able to supply, and for which the steady development of the Dominion will continue to provide an expanding market. In evidence of this, I may remark that the imports entered for consumption from Great Britain have risen—exclusive of coin and bullion—from \$30,870,000 in 1879, to \$42,530,458 in 1893: those from the United States have risen from \$42,057,000 to \$52,338,658 in the same period.

Dividing the Canadian imports into two classes of manufactured articles, and crude and partially manufactured products, such as sugar, tea, fruits, coal, steel rails, chemicals, etc., we find that 58 per cent. fall under the former class, and 42 per cent. under the latter. Now the receipts from England, tested by this classification, represent 52 per cent. of manufactured articles imported and 20 per cent. of all others. In textile fabrics and dress goods, which constitute the most important part of the imports from the United Kingdom, the position in Canada since 1888 has been maintained, while, as every one knows, in almost every other direction the disturbance of trade has caused considerable shrinkage in these exports from this country.

Coming to the United States, we find that fully one-half of their imports consisted of natural products, such as coal—mainly to the province of Ontario, which has no deposits of its own—of agricultural

produce, tobacco, raw wool and cotton, etc. If in addition we allow for manufactures of wood, iron, and leather, peculiar to the country, and for non-American articles, for which New York and Boston are *entrepôts* on our continent, the effective competition with Great Britain is reduced to insignificant limits.

Another view of the class and extent of the imports into Canada from the two countries may be obtained from the fact that 45 per cent. of the total amount of duty collected was derived from goods from Great Britain, and 36 per cent. from goods from the United States, this difference being accounted for by the fact that nearly 51 per cent. of the imports from the United States were free goods, principally raw material, while only 26 per cent. of the imports from Great Britain were on the free list.

I may remark here generally that Great Britain's policy of free imports during the last forty years has been dictated by her condition, circumstances, and resources, the effect of which when crystallised we call self-interest. Nobody, I imagine, considers these conditions will last for ever. They will vary and change, and demand corresponding modifications in the policy in which the enlightened self-interest of the day is expressed. It is impossible for this country to ignore the fact that all the great self-governing colonies have been drawn towards Protection by the same compulsion, viz. self-interest; and I take it the extraordinary development of the colonies shows that they have been the best judges of their own affairs. As you may know, I have a very strong belief that the not distant future will see a considerable change of policy both in this country and the colonies in regard to the development of intercolonial and Imperial trade, and that the change necessary to bring this about will not be all on the side of the colonies.

I have always refused to discuss the questions of Protection and Free Trade as matters of abstract principle in relation to the practical needs of Canada. I have been content to dwell on the fact that we have in Canada a certain population which is vastly exceeded by that of the great nation along our southern border, and that it is impossible to carry on the general affairs of Canada successfully without paying some regard to the close proximity and fiscal policy of that great Republic. The effect of a revenue tariff was tried in the years that immediately preceded the return of the present Government to power in 1879. In adopting then a policy of *incidental Protection*, we simply recognised the necessity of raising the necessary revenue which the development of the country called for, and of fostering Canadian industries. In arranging that policy we were thereby enabled, as you have seen, to give a decided advantage to British manufactures and products. It is quite true that Canada has greatly improved her industrial position of late years in a great many articles of common use which were previously imported. The following is a general comparative statement of our manufacturing industries from 1881 to 1891:—

	1881.	1891.	VARIATION.	
			Increase.	Per Cent.
Number of establishments,	49,923	75,768	25,845	51.8
Capital invested, . . .	\$165,307,823	\$353,836,817	\$188,534,194	114.0
Number of employes, . .	254,835	367,865	112,930	44.43
Wages paid,	\$59,429,002	\$99,762,441	\$40,333,439	67.86
Cost of raw material, . .	\$179,918,593	\$255,983,219	\$76,064,626	42.3
Value of products, . . .	\$309,676,068	\$475,445,705	\$165,769,637	53.5

The development was largest in Ontario and Quebec, where the output per head of population rose from \$82 and \$77 in 1881 to \$113 and \$102 in 1891, respectively, or 33.6 and 38.2 per cent.

That the United Kingdom, notwithstanding, should have steadily improved her position as to exports to Canada from 1879 to 1893, shows that our wants in the classes of goods she supplies are growing, and that they are outside the scope of our industries as at present established.

In the new tariff, which was passed through the Dominion Parliament last July, Canada has given a further proof of her desire to discriminate in favour of British imports. It will be found that the reductions made are, to a great extent, in articles—especially textile and metal manufactures—largely the products of British industry. In the total trade for the fiscal year ended June 30th last it is true that the total imports into Canada have fallen about 7 per cent. English imports have shrunk, no doubt, but this may be attributed to the paralysis of business generally in the United States, as well as to the then impending changes in our tariff. It is expected that the present fiscal year will show a recovery.

During the period in question large reductions in taxation have been made; the amount raised by Customs having diminished from \$5.23 per head of population in 1883, to \$4.27 in 1893, or roughly, \$1 per head of population—which is at present five millions. One of the most popular and equitable remissions has been the duty on sugar. We have long possessed free tea. Canada, therefore, has set the example of giving her population "the free breakfast-table," which is at present denied to the people of this country. Coming to the exports of Canada, the greatest advances have been made in all the staple products. Timber, Canada's sheet-anchor, has held its own, notwithstanding the depression in the world's markets. One of the chief changes that has occurred in regard to that article has been the steady decline in square timber, and the increasing quantity of sawn or manufactured wood. An enormous development has occurred in the exports of animals and their products. Perhaps I should here refer to the development of the cheese industry, under the factory system, which is now introduced throughout Canada. The export of this article within the last twenty years has steadily risen from 24,050,000 lbs. in 1873 to 133,946,000 lbs. in 1893. The position is solely due to the excellence of the Canadian article, which is rapidly supplanting American cheese in the British market. American exports stood in 1893 at 31,000,000 lbs., or over 10,000,000 lbs. below the return

Per Cent.

51.8
114.0
44.43
67.86
42.3
53.5

ere the
to \$113

st. dily
co 393,
growing,
present

liament
riminate
ons made
manufac-
trade for
ports into
runk, no
generally
es in our
covery.

ave been
\$5.23 per
er head of
t popular
ave long
iving her
ed to the
e greatest
Canada's
on in the
in regard
t, and the
enormous
products.
industry,
t Canada.
dily risen
e position
is rapidly
an exports
the return

for 1873, after having touched 147,000,000 lbs. in 1831. As practically the whole of these exports from the United States, as well as from Canada, come here, you will be able to form some idea of the success which has attended our efforts to capture this market. At the Chicago Exhibition last year the superiority of Canadian cheese was fully shown in the two competitions that took place. With 686 entries Canada took 608 prizes, as against the 587 exhibits and 54 prizes of the United States.

The manufacture of butter, especially of winter butter, is being rapidly organised in the same way; and I have it on the authority of the Government Dairy Commissioner that within five years' time Canada's butter exports will equal those of cheese. I should explain that the Government have done a great deal to promote the dairy industry by sending travelling dairies, with competent instructors and lecturers, throughout the different provinces, for the practical demonstration of the best methods of manufacture, packing, and marketing.

The export cattle trade of Canada is again another instance of the success which has attended the development of a new industry. The trade was practically started in 1873, and reached its highest point in 1891, when cattle to the number of 107,000, valued at 8½ millions of dollars, were exported to this country alone. Towards the end of 1892, however, the expansion of the trade received a check by the revocation of the privilege, enjoyed up to that time by Canada, of sending her cattle alive into this country, owing to the suspicion of pleuro-pneumonia among a few of the Canadian cattle landed here. It is only fair to add that this has never been established. The highest experts who were called in were unable to agree as to the precise nature of the disease, and although the very strictest investigation has been conducted by the Dominion Government among Canadian herds, from that day to this, no single case of pleuro-pneumonia has yet been detected. Contagious pleuro-pneumonia, I need not tell you, is a disease which cannot be concealed; and in such an extensive cattle-raising country as Canada the ravages it would cause, if it existed, would attract attention far and wide. Our agricultural exports maintained the high average reached in the previous year, which was several millions of dollars above that of 1891, notwithstanding the serious decline in prices. The development of the Canadian flour trade in the English market was a pleasing feature, and, in view of the excellent quality of our wheat, it should ultimately take precedence of the American article. Hay imports into this country were on a large scale, owing to the drought of last year, and Canadian hay is confidently stated to have now obtained a permanent footing here. The exports of Canada for the year ending June 1894—\$117,500,000—are the largest of any year since confederation, except those of 1893. The decline, however, is less than one per cent. The growing extent of Canada's trade exchanges may be estimated by the clearance of sea-going and inland shipping, which in 1879 stood at 11,646,812 tons, against 18,539,534 tons in 1893. Canada, moreover, still stands fifth in the list of ship-owning countries, with a tonnage of 1,054,217 tons, occupying a middle position between Germany and France. The shipping on the Canadian Register is valued at fifty million dollars.

One of the most encouraging and significant facts during the last four years has been the stability of Canada's trade. There is hardly a country that can show the steady progress made by Canada in the face of commercial disturbance, the breakdown of credit, and financial depression of the severest kind in other countries. Canada has not only survived, but she has forgotten, the M'Kinley tariff of 1891. This measure, it was expected, would cripple her commercially in so far as United States trade was concerned, and I have told you already how large that is. Events proved the M'Kinley tariff legislation to be a blessing in disguise. Anticipating the worst, Canadians set to work to find new markets for the threatened exports which were to be thrown on their hands. The Government and its agents abroad co-operated to their utmost. The result of this foresight and activity was that Canada vastly increased her exports to the British market, and opened up free markets in other countries hitherto untried, and at the same time actually increased her total exports to the United States. That position has been increasingly maintained to the present hour.

On the heels of the M'Kinley tariff came the financial crisis of 1892-93, the difficulties of Australian financial institutions, and the impairment of credit, accompanied by great stringency of money in the United States. Canada remained comparatively unaffected by these misfortunes. Her aggregate foreign trade of 1892 exceeded that of 1891 by \$22,984,000, and in 1893 she again still further improved her position by \$6,280,000 more. The export trade for 1893-94, as already stated, almost maintained the splendid record of 1893, and this, let it be stated, notwithstanding the fall in prices which had taken place, showing, in spite of everything, the continued demand for Canadian produce abroad.

Down to the present time, there has been only one small bank failure in Canada, and even that was not due to financial depression. In the United States, over two hundred national banks closed their doors in 1893; or, including State and private banks, savings banks, and loan societies, over six hundred financial institutions succumbed. Writing in the *Forum* early in the present year, Mr. D. A. Wells, the well-known American economist, says:—"In the Dominion of Canada, separated territorially from us on the north by an imaginary line, there has been no panic, no unusual demand for money, no stoppage of industries, no restriction of trade, no increased rates of interest; in short, nothing beyond the ordinary course of events, except so far as these events may have been influenced by contiguity to what may be termed a financial cyclone, whose pathway of destruction was contiguous to, but not within, Canadian territory."

Canada's position has undoubtedly been improved by the prudence of her commercial men, and the soundness of her banking system. Perhaps the greatest factor in the situation has been the circumstance, as we were recently told by the President of the Bank of British North America, that "Canada banks on her own capital, and does not borrow money, as so many colonial banks do, on deposit, which generally falls to be repaid at most inconvenient times." In this connection it may be appositely mentioned that the deposits of the people in the various banks in Canada

(Diagr. IV.) have risen from \$85,918,583 in 1868 to \$229,450,216 in 1893. The strong financial position, generally, of the Canadian banks may be inferred from the Government returns for June last, which show that their reserve was equal to over 43 per cent. of their paid-up capital.

Canada's national credit has never stood higher than at the present time. This position is best illustrated by the 3 per cent. loan for £2,250,000, recently put upon the London market, which was subscribed for more than five times over, the average price realised being £97, 9s. 2d. The stock has now practically reached par.

The commercial value of the fisheries of Canada was nearly \$21,000,000 in 1893, irrespective of all the fish consumed by the Indians, estimated at another two millions of dollars. The industry affords employment to some 68,000 men.

The attention devoted to mining enterprise in Canada is on the increase. The total output, which was valued at \$12,000,000 in 1886, reached \$19,350,712 in 1893. The exports for the latter year amounted to \$5,881,000.

Up to the present time, the coal measures have received the greatest attention. These occur most extensively on the Atlantic coast, in the western prairie regions, and on the Pacific coast. Nova Scotia furnishes two-thirds of the present total output. It is expected, moreover, that the export of Canadian coal from that province to the manufacturing centres in the New England States will shortly assume large proportions. The industrial existence of that section of the United States is absolutely dependent on cheap fuel, and Nova Scotia has the best and nearest sources of supply. Iron ore, of every variety and richness suitable for steel, is present in the greatest abundance in Nova Scotia, as well as in Quebec and Ontario. And, apart from the growth and prospects of the iron industry of Canada, I should like to direct the attention of English and Scotch ironmasters to the advantage of these deposits as an alternative source of supply to Spanish ores, which, it seems, are within a measurable distance of exhaustion. Their occurrence in Nova Scotia, on or within easy reach of tide water, ensures cheap transportation all the year round. Probably the greatest mineral discovery of recent years has been the nickel ore deposits at Sudbury, in Western Ontario. They are the largest known, and promise to affect profoundly the steel industry of the world in the immediate future. The United States Government take a large portion of the present output for the armour-plates of their new war-ships now under construction.

The colonisation of the Dominion is naturally the most important matter that can engage the attention of Canadians, as upon it the continued progress of the country ultimately depends. Canada's prairie regions offer, probably, the greatest area of land still available for the settlement of the races from Northern, Central, and Western Europe. The radiation of heat from the immense area of arid country, possessing an average elevation of 6000 feet, to the south of the boundary line, has an important bearing on the climatic conditions of the Canadian Northwest; and an extent of country, estimated at 700,000 square miles south of 60° N. lat., is thereby rendered suitable for the production of all

crops grown in the United Kingdom. The moisture-laden winds from the Gulf of Mexico and the Gulf of California are drawn towards the north, and carrying their fertilising burden over the heated plateau of the "Great American Desert," they deposit it on the lower plains, in Canadian territory, in the form of the summer rains which cause such astonishing growth in June and July. Another source of climatic amelioration is to be found in the prevailing Chinook, or west winds, blowing in from the Pacific, warmed by the Japanese current which sets towards the Pacific coast in high latitudes and flows along the coast-line of British Columbia.

The combined influence of these conditions is seen in the rapid sweep to the north-west described by the summer isothermal lines of 60° and 65° Fahr., east of Winnipeg, the effect of which is to push the limit of possible wheat-growing beyond the Peace River country up to Fort Simpson, in 61° N. lat., on the Mackenzie River, a point fully 1000 miles north of Toronto. The organised portion of this western territory (comprising Manitoba, Assiniboia, Alberta, and Saskatchewan) presents roughly the appearance of a large parallelogram, and occupies its southern area. It contains some 360,000 square miles, or about 250,000,000 acres, of which only the merest fringe has yet been occupied. The following figures will give, however, an idea of the progress that has been made in this section in the ten years, 1881 to 1891:—

	1881.	1891.
Population,	87,775	211,996
Railway Mileage,	150	2,150
Grain Crop, in Bushels,	2,617,637	55,000,000
Number of Elevators,	...	100
Elevator capacity, in Bushels,	...	8,000,000 ¹
Cattle,	75,000	500,000
Number of Post Offices,	153	600
Number of Schools,	100	800

Emigration to, and settlement in, this western part of Canada is no longer the arduous undertaking it once was, when the first colony was planted by Lord Selkirk in 1812. On that occasion, and subsequently, the settlers arrived by way of Hudson Bay, and Fort York on the Nelson River. Now railways penetrating in every direction render enormous areas easily accessible for free selection, and secure the economical transport of produce. The soil is of the richest description, and, with perseverance and patience, there is unquestionably an immediate livelihood, with the prospect of a competency in the near future, before every settler.

The present and future of the Canadian North-west is not a question which the price of wheat is going to decide.

Wheat, of course, must always be the staple of that country, and long after the United States have ceased to grow it for export. The centre of wheat production on the North American Continent is shifting over to the north-west. It was south and east of Chicago at one time, and is now close to the boundary line. The most reliable climatologists state that three-fourths of the best area for wheat lie north of the forty-ninth

¹ In 1898, 11,500,000 bushels.

parallel, that is, in Canadian territory. The conditions suitable for the growth of wheat favour a wide range of products, and the prudent farmer accordingly will vary his wheat with cattle-raising, pig-breeding, dairying, poultry and eggs, and the coarser grains. This is being recognised already; and although in the present year the prices realised for wheat have been discouraging, the farmer has largely recouped himself by the relatively high prices of other products. Above all, we must remember that the settler on his farm is practically self-contained. Owning his land, he pays no rent, his taxes are merely nominal, and, unless farming on borrowed capital, he will make money, or what is the same thing, add its equivalent to the stocking, equipment, and improvement of his farm. In times of the greatest depression he will always be able to make a living.

Emigration from the United Kingdom, and Europe generally, has slackened during the present year owing to obvious causes. But with the improvement now noticeable in the general situation, the flow will be resumed in increased volume, and Canada will obtain a larger share of emigration as time goes on.

One interesting fact in connection with emigration to Canada during the last year or two is the movement towards the north-west that is now proceeding from the northern tier of States, especially from North and South Dakota, Nebraska, Minnesota, and Michigan. Delegations of farmers from these States recently visited various points of the country, and large numbers have since taken up homesteads in the Saskatchewan and Alberta districts. The fact is that the best land available for free grants has passed out of the hands of the Government of the United States, whereas there is an unlimited extent of splendid land available in Canada, possessing climatic conditions superior to those existing in the States in question, and well served by railways in every direction. There is every reason to believe that Canada will find in the future a fruitful source of immigration in the neighbouring Republic.

The present year, I venture to say, will be historically memorable for at least two events of economic and political importance which have taken place. The Canadian Parliament ratified, on July 19th, the treaty which the Marquis of Dufferin and Ava and myself, as plenipotentiaries for Great Britain, had the honour of negotiating in Paris for the extension of trade between France and Canada. The competency of Canada to negotiate a treaty was conceded in 1884, when, at the request of the Canadian Government, I was appointed a plenipotentiary, in conjunction with Her Majesty's Ambassador at Madrid, to negotiate a treaty for the extension of trade between the Spanish Antilles and Canada, and the present treaty with France is the first successful result of the kind that has been achieved by any British Colony.

It is not too much to say that this event marks a new era in the constitutional history of the self-governing dependencies of the British Empire, and sets the seal upon the powers given to Canada in the ordering of her external trade relations. It recognises, in the most emphatic manner, the growing importance of the colonies in the hegemony of the Empire, and is a sign of the process of re-adjustment in the attitude of the Mother-country towards her adult offspring now in progress.

The second, and the greater event, has been the meeting of the Imperial and Intercolonial Conference at Ottawa, to discuss and elaborate measures for the development and increase of trade within the Empire, and intercommunication by means of fast lines of steamships and by cables. It is not difficult to recognise the influence which Canada's geographical position has had in this matter. The Governor-General of Canada, the Earl of Aberdeen, in his address to the Conference, emphasised that point, when referring to the selection of Ottawa as the scene of the meeting, in the following terms :—"That such should have been the arrangement is certainly both natural and appropriate, not only because of the fact that the idea suggested of holding the Conference emanated from here, but also because of the position, geographical and otherwise, which Canada occupies in the British Empire; and not only so, but because of the use that has been made by the people of Canada of that position, both in developing the resources of Canada itself, and in carrying out enterprises of a vast and gigantic character which cannot fail to be of the deepest and most permanent interest and importance to the Empire as a whole."

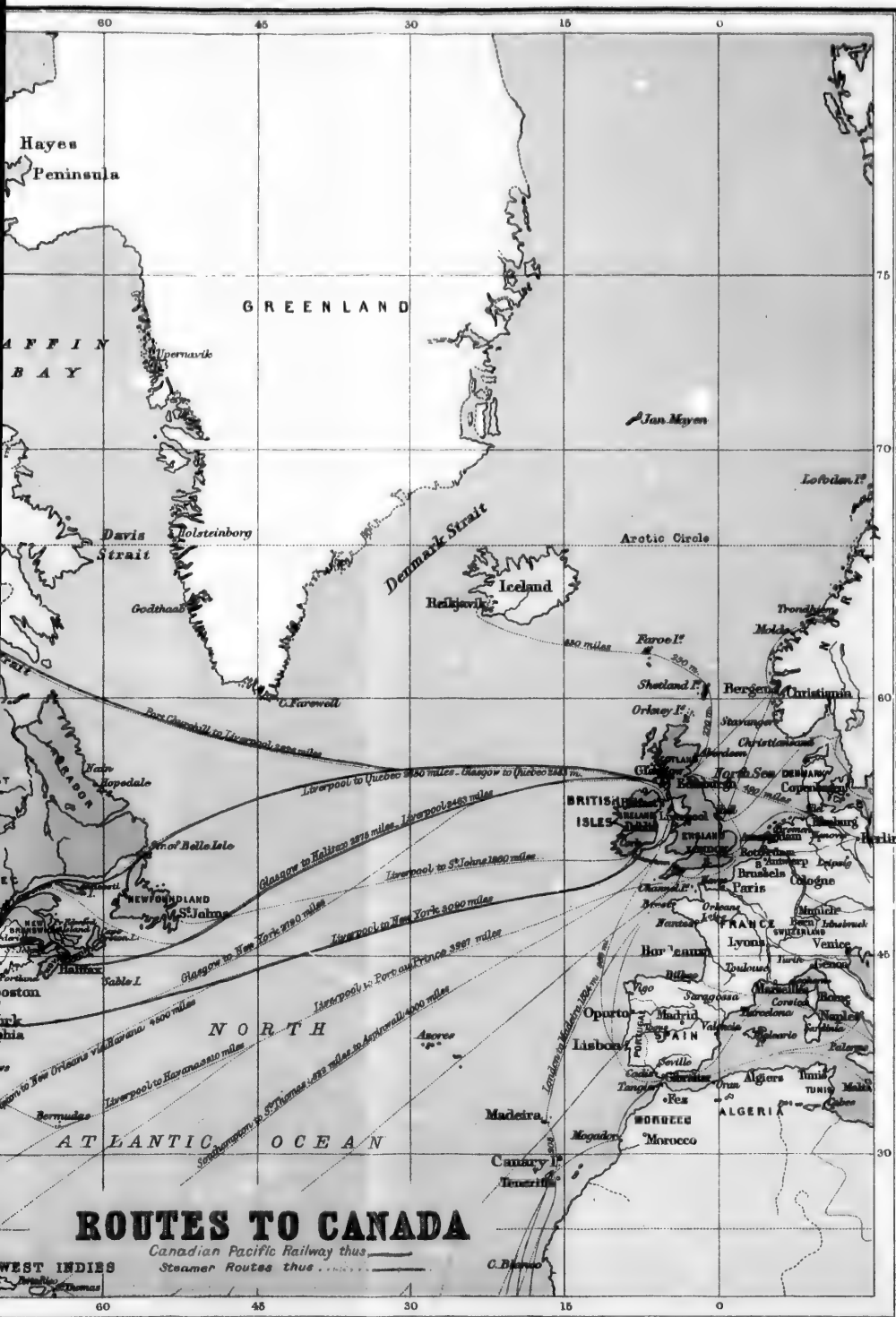
Lord Rosebery sent the following message to the President of the Conference on the 3rd of June :—"I am anxious to express to you as the President the sympathy and interest with which I am watching the proceedings of the Conference, which should be of such happy augury for the future of the Empire." On the 5th of August the Queen's Speech in proroguing Parliament thus referred to the proceedings of the Conference :—"A Conference was held at Ottawa in the month of June last, at which representatives of the Imperial Government, the Dominion of Canada, the Cape, and the Australasian Colonies met to consider questions relating to intercolonial tariffs and communication. I have learned with satisfaction that the proceedings of the Conference were of a character calculated to strengthen the union of the colonies concerned, both among themselves and with the Mother-country." The Conference unanimously asked the Imperial Government to take the measures necessary to remove the obstructions that now interfere with preferential trade between the colonies, and between themselves and the Mother-country. The same unanimity characterised their resolutions in favour of steamship communications between the United Kingdom and Australia *via* Canada, and the construction of a Pacific cable from Canada to Australia.

In view of these facts, who can doubt that this Conference marks an important epoch in the development of the British Empire, which will result in a great expansion of Intercolonial and Imperial trade, and render the union between the Colonies and the Mother-country still closer and more indissoluble?

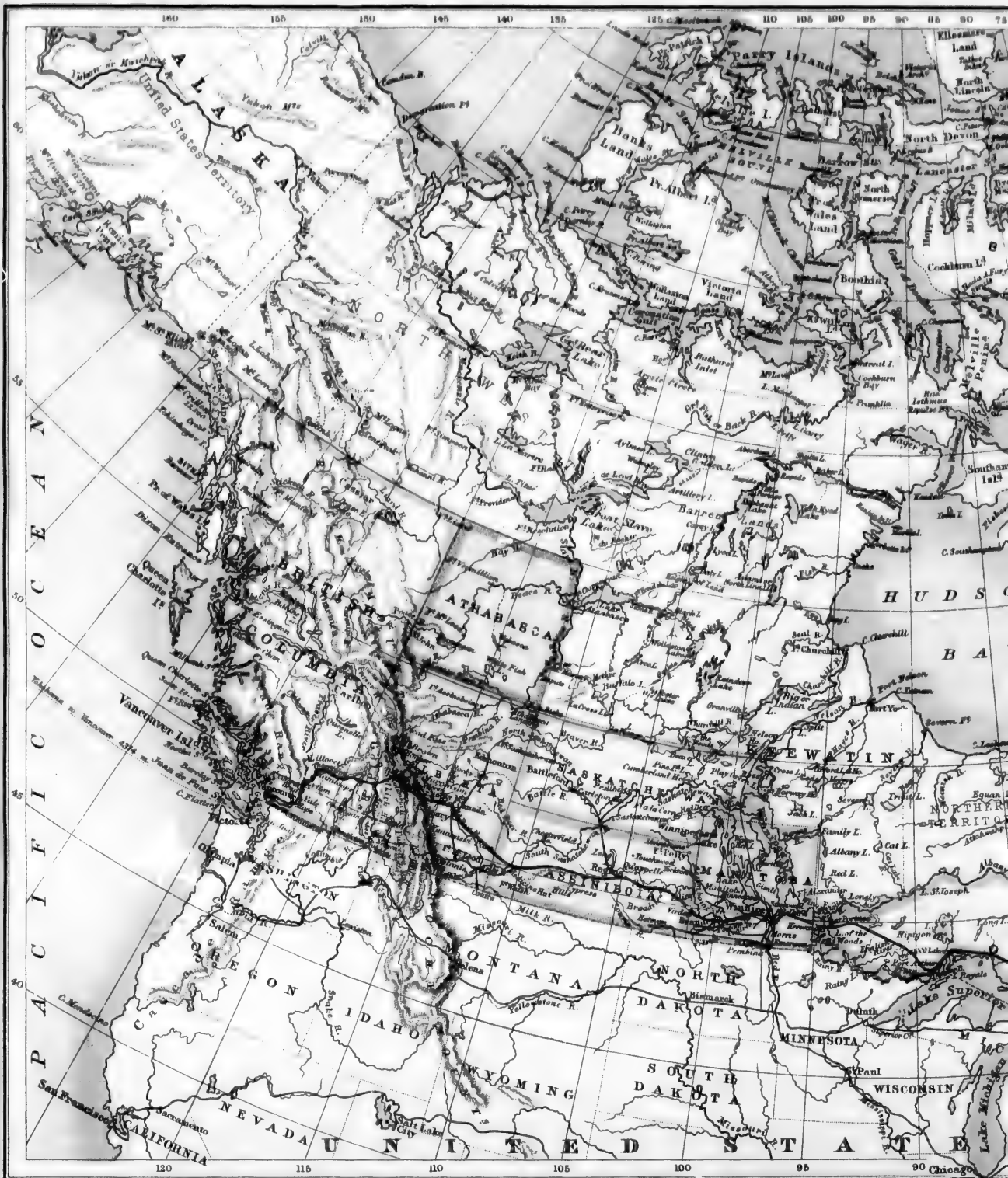
marks an
which will
trade, and
entry still



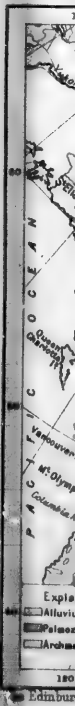




1	P	4	40
2	C	4	40
3	I	4	40
4	E	4	40
5	C	4	40
6	C	4	40
7	C	4	40
8	C	4	40
9	C	4	40
10	C	4	40
11	C	4	40
12	C	4	40
13	C	4	40
14	C	4	40
15	C	4	40
16	C	4	40
17	C	4	40
18	C	4	40
19	C	4	40
20	C	4	40
21	C	4	40
22	C	4	40
23	C	4	40
24	C	4	40
25	C	4	40
26	C	4	40
27	C	4	40
28	C	4	40
29	C	4	40
30	C	4	40
31	C	4	40
32	C	4	40
33	C	4	40
34	C	4	40
35	C	4	40
36	C	4	40
37	C	4	40
38	C	4	40
39	C	4	40
40	C	4	40
41	C	4	40
42	C	4	40
43	C	4	40
44	C	4	40
45	C	4	40
46	C	4	40
47	C	4	40
48	C	4	40
49	C	4	40
50	C	4	40
51	C	4	40
52	C	4	40
53	C	4	40
54	C	4	40
55	C	4	40
56	C	4	40
57	C	4	40
58	C	4	40
59	C	4	40
60	C	4	40
61	C	4	40
62	C	4	40
63	C	4	40
64	C	4	40
65	C	4	40
66	C	4	40
67	C	4	40
68	C	4	40
69	C	4	40
70	C	4	40
71	C	4	40
72	C	4	40
73	C	4	40
74	C	4	40
75	C	4	40
76	C	4	40
77	C	4	40
78	C	4	40
79	C	4	40
80	C	4	40
81	C	4	40
82	C	4	40
83	C	4	40
84	C	4	40
85	C	4	40
86	C	4	40
87	C	4	40
88	C	4	40
89	C	4	40
90	C	4	40
91	C	4	40
92	C	4	40
93	C	4	40
94	C	4	40
95	C	4	40
96	C	4	40
97	C	4	40
98	C	4	40
99	C	4	40
100	C	4	40

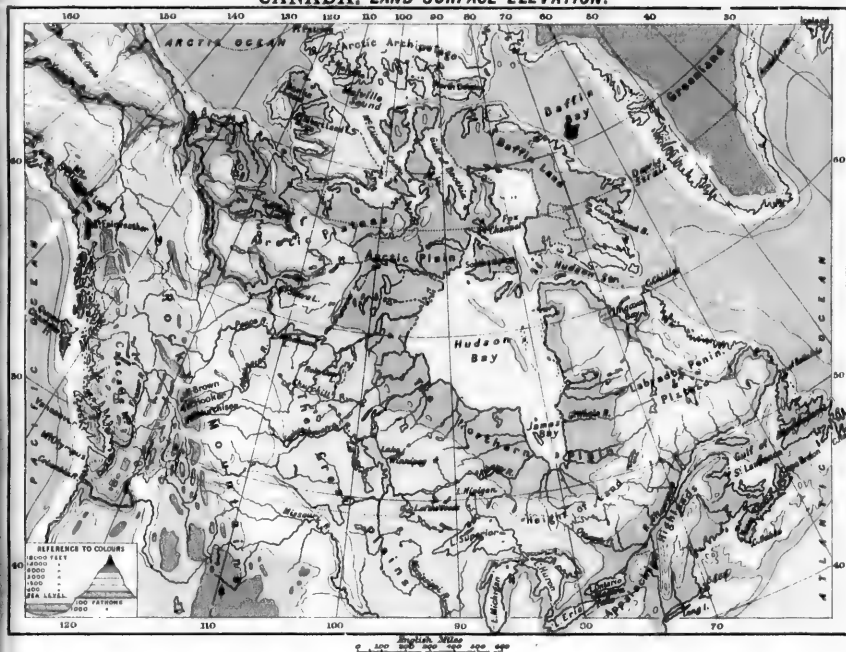








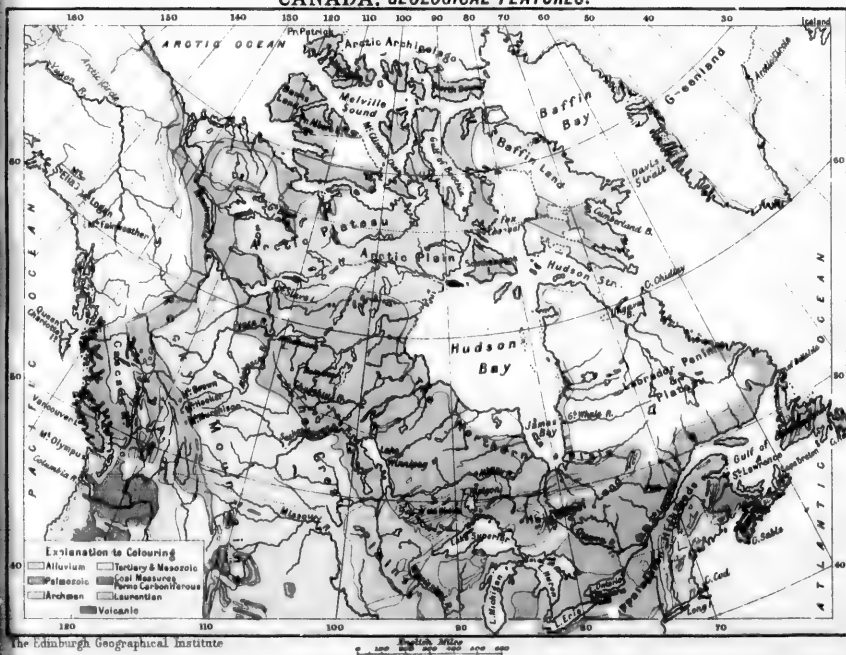
CANADA. LAND SURFACE ELEVATION.



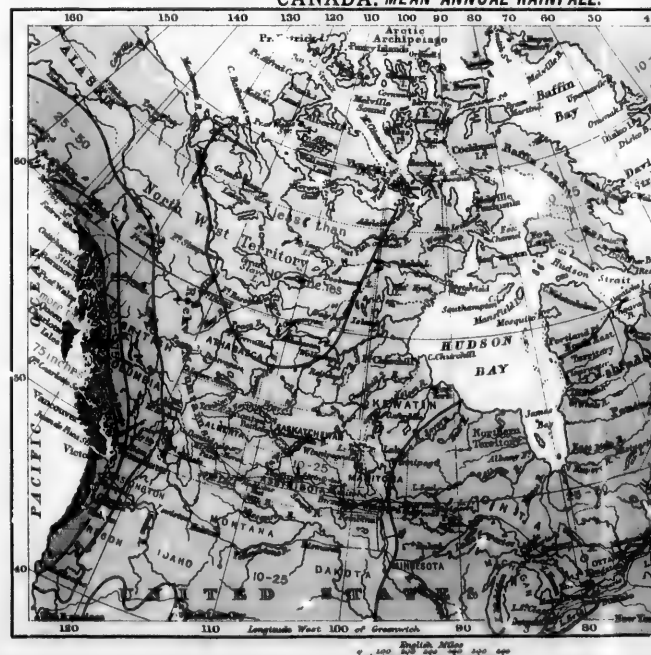
CANADA. LAND SURFACE FEATURES.



CANADA. GEOLOGICAL FEATURES.



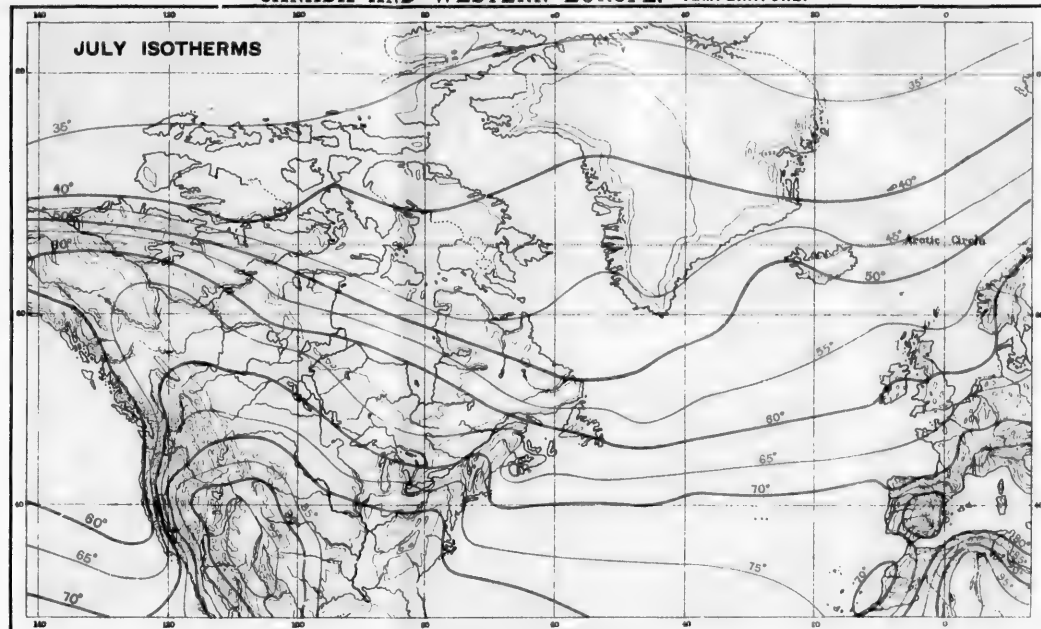
CANADA. MEAN ANNUAL RAINFALL.



SURFACE FEATURES.



CANADA AND WESTERN EUROPE. TEMPERATURE.



AFTER BUGHAN'S "CHALLENGER" REPORT.

ANNUAL RAINFALL.



No. 1.

1867-77

Million Dollars

320

310

300

290

280

270

260

250

240

230

220

210

200

190

180

170

160

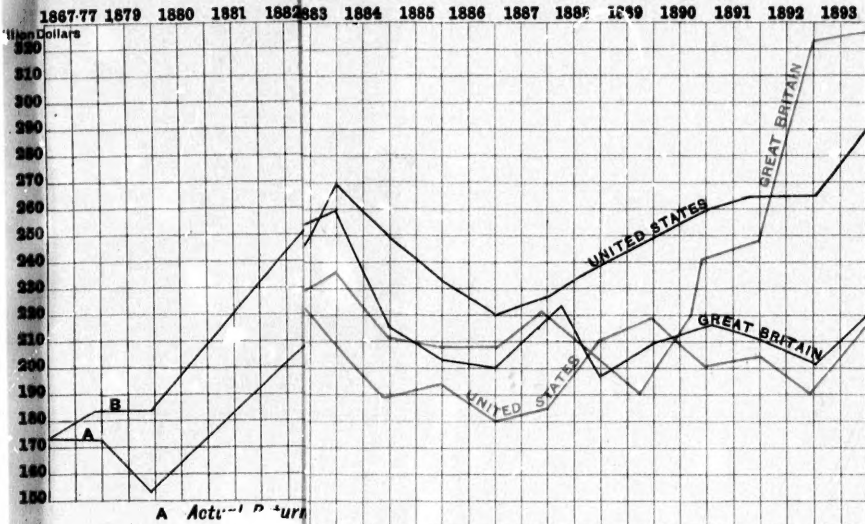
150



Trade Exchanges between

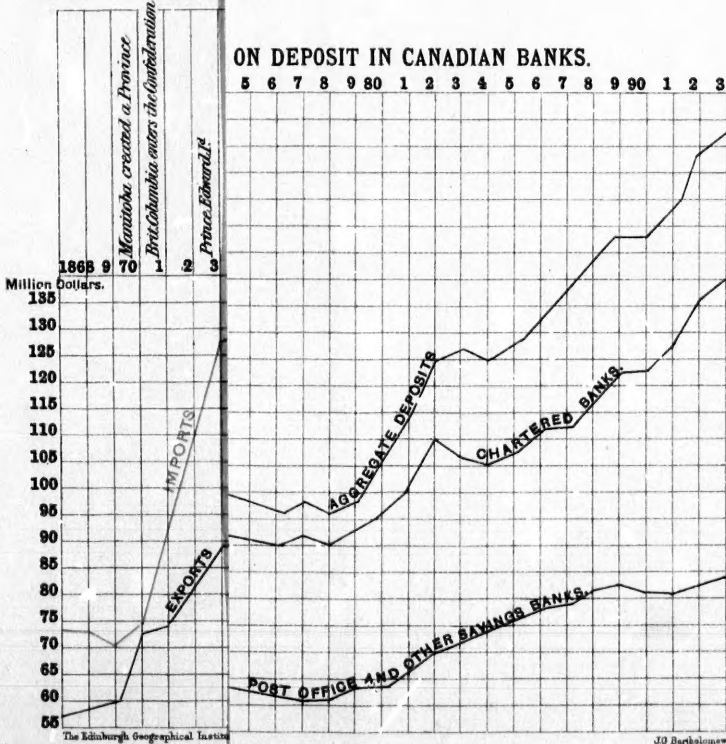
No. I.

Und GREAT BRITAIN AND THE UNITED STATES.



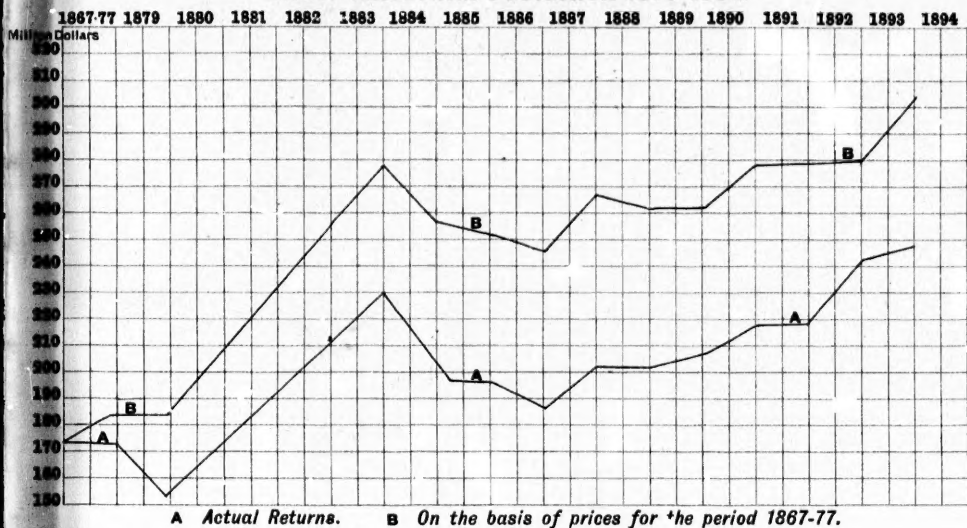
No. II.

IMPORT



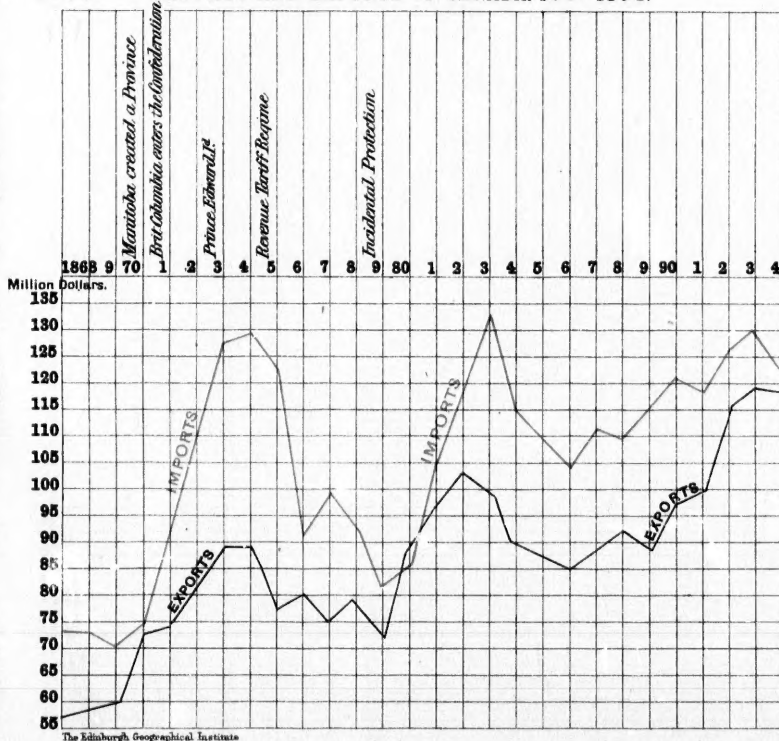
No. I.

AGGREGATE TRADE OF CANADA. Under Incidental Protection 1879-1894.



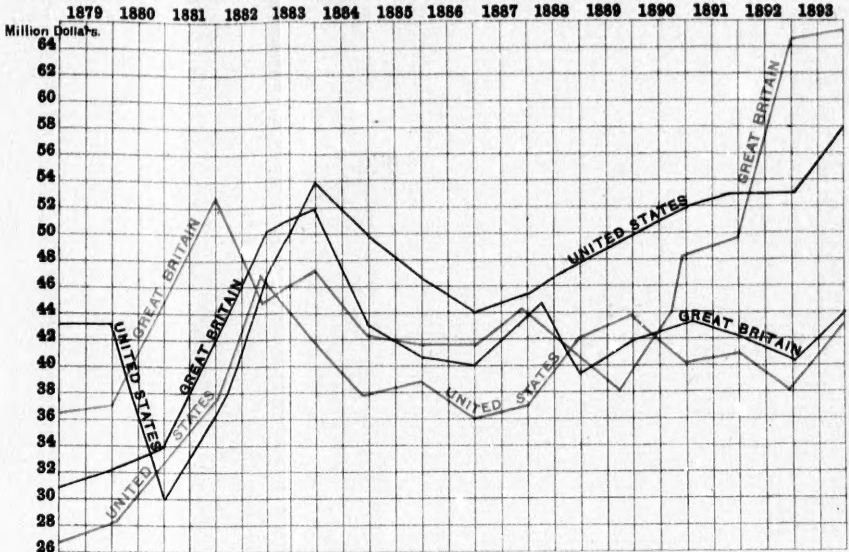
No. II.

IMPORTS AND EXPORTS OF CANADA. 1867-1894.



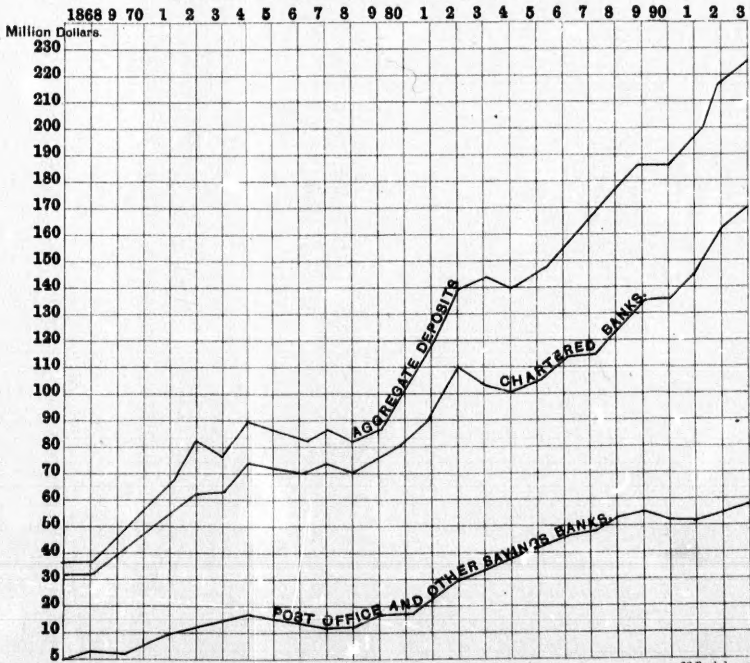
Trade Exchanges between

No. III. CANADA AND GREAT BRITAIN AND THE UNITED STATES.



Black lines show imports entered for consumption. Red lines show exports.

No. IV. MONEY ON DEPOSIT IN CANADIAN BANKS.



J.O. Bartholomew.